

Message Text

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FM AMEMBASSY SAIGON

TO SECSTATE WASHDC IMMEDIATE 9049

INFO AMEMBASSY BANGKOK

AMEMBASSY BUDAPEST

AMEMBASSY CANBERRA

AMEMBASSY JAKARTA

AMEMBASSY LONDON

AMEMBASSY MANILA

AMEMBASSY MOSCOW

AMEMBASSY OTTAWA

AMEMBASSY PARIS

AMEMBASSY PHNOM PENH

AMEMBASSY SEOUL

AMEMBASSY TOKYO

USIA WASHDC

AMEMBASSY VIENTIANE

AMEMBASSY WARSAW

AMEMBASSY WELLINGTON

USDEL JEC PARIS

CIA

ZSA

JCS

JUSMAAG

WHITE HOUSE

USAJFKCMA

AMCONSUL BIEN HOA

AMCONSUL CAN THO

AMEMBASSY TEHRAN

AMCONSUL DANANG

AMCONSUL NHA TRANG

USDAO SAIGON

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DEPCHIEF JUSMAAG

C O N F I D E N T I A L SECTION 1 OF 4 SAIGON 19525

E.O. 11652: GDS
TAGS: PINT PFOR ECON VS
SUBJECT. EMBASSY SAIGON'S MISSION WEEKLY, NOVEMBER 9-15, 1973

BANGKOK ALSO PASS OSA; DEP ALSO FOR AID/W; CINCPAC FOR POLAD;
DOD-PRO USAJFKCMA ATTN: ATCS-WL-DSA

THE WEEK IN REVIEW

-- A TYPHOON WASHED OUT ENEMY ACTIVITY IN MR-I AND HELPED TO
KEEP ACTION DOWN IN MR-II; NO CHANGE IN MR-III; A DROP IN MR-IV

-- AN INVITATION FROM BIEN HOA; AN RSVP FROM LOC NINH/BO DUC

-- MADAME THANH WRITES HER OWN PUBLICITY; A "THIRD FORCE"
STATEMENT

-- DON'T TALK UP PEACE ESPECIALLY WITH THE PRG -- IF YOU'RE
AWOL

-- THERE WERE FOUR OFFICE VACANCIES IN THE SENATE -- AND FOUR
CANDIDATES*

-- A NEW POLITICAL INJECTION -- SENATOR TUNG RETURNS TO THE
PUBLIC HEALTH MINISTRY

-- NEW FOREIGN MINISTER SWORN IN

-- GVN ISSUES COMMUNIQUE ON ICCS MATTERS

-- GVN/PRC BILATERALS INTERRUPTION PROLONGED
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-- CAMBODIAN MINISTER OF SOCIAL ACTION VISITS KHMER REFUGEES
IN DELTA

-- LE DUAN, LAOS AND INDOCHINESE SOLIDARITY

-- HOANG QUOC VIET QUILTS JAPAN

-- VIETNAMESE COMMUNISTS ATTEND BRITISH, JAPANESE CP CONGRESSES

-- FRENCH CP DELEGATION IN HANOI

-- LENG SARY STOPS IN HANOI ENROUTE TO CAMBODIA

-- HXIEU MEETS WITH FRENCH FOREIGN MINISTER

-- NORWAY, BULGARIA AID VIET CONG

-- A RISE IN PEASTER/DOLLAR EXCHANGE RATE; RUMORS OF FUEL
RESTRICTIONS; GVN EXPORTS AND DOMESTIC REVENUES SUSTAINED

-- RETAIL PRICE INDEX BOUNDS AHEAD AGAIN

-- BLACK MARKET PREMIUM FOR DOLLAR UP; GOLD PRICES UNCHANGED

-- AID MISSION TO PARIS

-- SUB-MINISTERIAL POSTS FILLED

I. INTERNAL

A. THE CEASEFIRE

MILITARY ACTIVITY WAS AT A LOW LEVEL THROUGHOUT MR-I, PROBABLY
DUE MOSTLY TO HEAVY RAINS AND FLOODING CAUSED BY A TYPHOON.
THE NUMBER OF INCIDENTS IN MR-II DECLINED FOR THE SECOND WEEK AS
MOST PROVINCES WERE RELATIVELY QUIET. LAST WEEKS FIGHTING IN
QUANG DUC PROVINCE WAS COSTLY TO THE GVN AS REGIONAL FORCE UNITS
(WHICH BORE THE BRUNT OF THE FIGHTING) LOST 698 KIA/MIA OUT OF
A TOTAL OF 1677 INVOLVED. SUBSTANTIAL ARVN/RF FORCES HAVE BEEN
MOVED TO THE PROVINCE TO RECAPTURE THE CAMPS OF BU PRANG AND DAK
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SONG AND A PORTION OVF ROUTE 14 NOW HELD BY NVA FORCES EQUIVALENT
TO A REINFORCED DIVISION. HEAVY RAINS AND FLOODING WERE AT LEAST
PARTIALLY THE CAUSE OF DECREASED ACTIVITY IN THE NORTHERN PROVINCES
OF THE REGION. THE LEVEL OF ENEMY MILITARY REMAINED ABOUT THE SAME
IN MR-III. SPAPPERS HEAVILY DAMAGED A BRIDGE IN BINH THUY
PROVINCE TEMPORARILY CLOSING ROUTE 1 AND ATTACKED THREE SHIPS ON
THE NHA BE RIVER SOUTH OF SAIGON CAUSING MINOR DAMAGE TO A SHELL
TANKJN. IN RETALIATION FOR THE NOVEMBER 6 ROCKETING OF BIEN HOA,
VNAF FLEW 81 SORTIES THE NEXT DAY AGAINST MILITARY TARGETS NEAR
LOC NINH IN BINH LONG PROVINCE AND BO DUC IN NORTHERN PHUOC LONG
PROVINCE. SEVERAL COMMUNIST AREAS IN TAY NINH PROVINCE HAVE ALSO
BEEN BOMBED. IN MR-IV ACTIVITY DROPPED OFF IN THE NORTHERN DELTA
ALTHOUGH A SIGNIFICANT NUMBER OF INCIDENTS CONTINUE TO BE REPORTED
IVN DINH TUONG, KIEN PHONG AND KIEN HOA PROVINCES. THE SOUTHERN
DELTA CONTINUES TO BE RELATIVELY QUIET WITH THE EXCEPTION OF KIEN
GIANG PROVINCE WHERE ACTIVITY INCREASED. A VIEVTNAMESE NAVY BASE
AND A DISTRICT TOWN WERE MORTARED ON NOVEMBER 10 FOR THE FIRST
TIME SINCE THE CEASEFIRE. THE ICCS HAS ORRERED AN INVESTIGATION
OF BIDYSHOA ROCKET ATTACK AND THE SUBSEQUENT BOMBING OF THE LOC
NINH AREA. CITING THE LOC NINH AREA BOMBING, THE PRG DELEGATION
BOYCOTTED ALL TPJMC MEETINGS DURING THE PERIOD AND QALONG WITH
THE DRV DELEGATION, ONE OF THE TWO FPJMT SESSIONS.

B. SAIGON MEDIA GIVE HEAVY CONVERAGE TO COMMUNIST ROCKET ATTACK,

GVN RETALIATION

THE SAIGON MEDIA GAVE HEAVY COVERAGE NOVEMBER 7-9 TO THE COMMUNIST ROCKET ATTACK AT BIEN HOA, NEAR SAIGON, AND THE SUBSEQUENT GVN RETALIATORY AIR RAIDS AGAINST COMMUNIST POSITIONS AT LOC NINH AND BO DUC. SEVERAL EDITIRIALS IN PRO-ADMINISTRATION PAPERS ALL BUT PREDICTED THE RETALIATION IN NOVEMBER 8 EDITVORIALS ON THE BIEN HOA ROCKETING. AFTER THE RETALIATION WAS ANNOUNCED, PRO-ADMINISTRATION MEDIA COVERAGE AND ONE INDEPENDENT PAPVER STRESSED ITS PUNITIVE NATURE. HOWEVER, EDITORIALS IN SOME OTHER NON-ADMINISTRATION PAPERS NOVEMBER 9 FEATURED THE TENSION ARISING FROM THE ACTIONS OF BOTH BELLIGERENT SIDES.;

C. MRSP. NGO BA THANH INSTIGATES "THIRD FORCE" PROCLAMATION

ON NOVEMBER 7, A STATEMENT APPEARED OVER THE SIGNATURE OF ONE OF CONFIDENTIAL

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MRS. NGO BA THANH'S OLDEST DISSIDENT ASSOCIATES, DANG VAN KY, PROCLAIMING THE "THILRTCORCE" ADHERENCE OF THE "VIETNAMESE PEOPLE'S FRONT STRUGGLING FOR PEACE." THE STATEMENT RECAPITULATES MANY OF THE "PEACE DEMANDS" ISSUED BY MRS. THANH AND HER LEFTIST GROUP OVER THE YEARS AND, MAKING THE CLAIM THAT THE FRONT REPRESENTS "THIRTY-THREE PEACE ORGANIZATIONS," ANNOUNCES THAT THE FRONT IS AN IMPORTANT CONSTITUENT OF THE "THIRD FORCE". MRS. THANH EVIDENTLY COMPOSED THE STATEMENT. SHE IS THUS CONTINUING HER VIGOUOUS EFFORTS TO KEEP HER NAME BEFORE THE PUBLIC.

D. GVN REACTS TO MEETING BETWEEN "PRC" DELEGATION IN PARIS AND EXPATRIATES

ON NOVEMBER 8, GVN SPOKESMAN TRUC DISMISSED AS OF NO ACCOUNT A RECENT MEETING BETWEEN VIETNAMESE EXPATRIATES AND THE CHIEF OF THE "PRVG" DELEGATION IN PARIS. THE EXILES "HAVE NO RIGHT TO TALK OF PEACE", HE SAID; "THEY HAVE CONTRIBUTED NOTHING TO THE STRUGGLE FOR FREEDOM AND INDEPENDENCE OF THE PEOPLE OF SVN." TRUC WAS REACTING

TO A CLANDESTINE RADIO LIBERATION ACCOUNT OF THE MEETING WHICH QUOTED THE EXILES AS ADHERING TO A JOINT STATEMENT WITH THE "PRG" WHICH WAS COUCHED IN TERMS THE GVN COULD AND DID INTERPRET AS ONE-SIDEDLY PRO-COMMUNIST.

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ATIMBASSY CANBERRA 3137

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AMEMBASSY MOSCOW

AMEMBASSY OTTAWA

AMEMBASSY PARIS

AMEMBASSY PHNOM PENH

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USIA WASHDC

AMEMBASSY VIJQWIANE

AMEMBASSY WARSAW

AMEMBASSY WELLINGTON

USDEL JEC PARIS

CIA

DIA

JCS

JUSMAAG

WHITE HOUSE

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C O N F I D E N T I A L SECTION 2 OF 4 SAIGON 19525

E. TRAN MINH TUNG RE-APPOINTED PUBLIC HEALTH MINISTER

THE PRESIDENCY ANNOUNCED NOVEMBER 8 THAT SENATOR TRAN MINH TUNG WILL BE RE-APPOINTED PUBLIC HEALTH MINISTER. DR. TUNG HELD THIS POSITION FROM SEPTEMBER 1969 UNTIL LAST JULY, WHEN HE TOOK A LEAVE OF ABSENCE TO RUN FOR THE ULTIMATE AS HEAD OF THE PRO-ADMINISTRATION "DEMOCRACY" SLATE. UPON BEING ELECTED, HE WAS RELIEVED OF HIS MINISTRY PORTFOLIO, A STEP LEGALLY CALLED FOR. HE NOW REASSUMES THE PORTFOLIO AND LEAVES SENATE ACTIVITIES, ALTHOUGH UNDER PRESENT RULES HE MAY REMAIN A SENATOR ON INACTIVE STATUS FOR A MAXIMUM OF TWO YEARS.

F. UPPER HOUSE ELECTS FOUR NEW OFFICERS FOLLOWING REORGANIZATION

THE UPPER HOUSE NOVEMBER 10 ELECTED SENATORS TO FILL FOUR POSITIONS NEWLY CREATED BY A REORGANIZATION OF THE HOUSE LEADERSHIP (SEE SAIGON 19102). ALL THE WINNERS WERE FIRST-TERM SENATORS WHO ARE MEMBERS OF THE PRO-ADMINISTRATION MAJORITY GROUP. THEY WERE THE ONLY CANDIDATES AND SO WERE ELECTED UNOPPOSED, BUT A NUMBER OF INDEPENDENT AND OPPOSITION SENATORS STAYED AWAY FROM THE VOTING TO EXPRESS DISSATISFACTION WITH THE REORGANIZATION AND THE UNBEATABLE PRO-ADMINISTRATION TREND IN THE HOUSE.

PART II. EXTERNAL

A. NEW FOREIGN MINISTER SWORN IN

NEW FOREIGN MINISTER VUONG VAN BAC TOOK OFFICE AT 11 A.M., NOVEMBER 12, REPLACING NGUYEN PHU DUC, WHO HAD BEEN ACTING FOREIGN MINISTER SINCE JULY 9, 1973. BAC IS COMPETENT AND PROMINENT
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LAWYER WHO HAS FILLED SPOT ASSIGNMENTS FOR THE GVN AND OCCASIONALLY SERVED AS A GOVERNMENT CONSULTANT BUT WHOSE FIRST FULL TIME POSITION IN PUBLIC LIFE WAS AMBASSADOR TO LONDON, WHICH HE HAS BEEN SINCE JANUARY 1972. PRIOR TO THAT HIS PRINCIPAL CONTRIBUTIONS TO THE GVN HAD BEEN AS A COMMUTING MEMBER OF THE GVN DELEGATION TO THE PARIS PEACE TALKS FROM 1968-1971; CONSULTANT TO THE PRIME MINISTER; AND MEMBER OF THE GVN PETROLEUM BOARD IN WHICH HE HELPED TO DRAW UP THE GVN'S POSITION ON SUCH MATTERS AS TERRITORIAL SEA CLAIMS AND OFFSHORE OIL EXPLORATION. BAC SEEMS TO HAVE NO POLITICAL BASE, ALTHOUGH AS A BUDDHIST HE SERVED AS GO-BETWEEN IN THE GVN CONFRONTATION WITH BUDDHIST POLITICAL ELEMENTS IN 1966. HIS ACCESSION TO THE FOREIGN MINISTRY SEEMS BASED ON SHEER COMPETENCE, AND HE WILL PROBABLY BE AN EFFECTIVE EXECUTOR OF GVN FOREIGN POLICY AS SET BY THE PRESIDENCY, AND A VALUED ADVISOR TO PRESIDENT THIEU, BUT NOT A FORCEFUL ORIGINATOR OF ANY NEW POLICY LINES.

B. GVN ISSUES COMMUNIQUE ON ICCS MATTERS

ON NOVEMBER 15 THE MINISTRY OF FOREIGN AFFAIRS ISSUED A COMMUNIQUE ANNOUNCING THAT THE GVN WOULD ACCEPT AND CONTRIBUTE TO A FIRST

YEAR BUDGET FOR THE ICCS OF \$31.4 MILLION. THIS IS ABOUT 75 PER CENT OF THE BUDGET PROPOSED BY THE ICCS BUT FAR MORE THAN THE \$18 MILLION WHICH HAS BEEN SET FORTH AS A MAXIMUM FIGURE BY THE COMMUNISTS. GVN TOOK ADVANTAGE OF THIS ANNOUNCEMENT TO FAVORABLY COMPARE ITS RECORD OF SUPPORT FOR THE ICCS WITH THE COMMUNISTS' CONTINUAL EFFORTS TO IMPEDE ITS WORK AND TO REDUCE ITS EFFECTIVENESS.

C. GVN/PRG BILATERALS INTERRUPTION PROLONGED

PRG APPARENTLY REFUSED GVN'S PROPOSAL THAT THESE CONSULTATIONS RECONVENE ON NOV 16 WHEN, ON NOV 14, PRG CHIEF DELEGATE NGUYEN VAN HIEU TOLD A PRESS GATHERING THAT THE PRG WAS BOYCOTTING THIS WEEK'S SESSION IN PROTEST AGAINST GVN'S AERIAL BOMBING OF PRG TERRITORY. HIEU THEN PROPOSED THAT TALKS RESUME NOV 22. HIEU ALSO USED THIS MEETING WITH PRESS TO COMPLAIN ABOUT REFUSAL OF FRENCH GOVERNMENT TO RECOGNIZE PRG AND DENOUNCE GVN MILITARY ACTIVITIES, PROMISING PROMPT PRG PUNISHMENT, AND CONTINUED INVOLVEMENT BY US IN THESE ACTIVITIES. ON THE SAME DAY GVN SPOKESMAN CONFIDENTIAL

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TOLD PRESS PRG HAD NOT YET REPLIED TO ITS PROPOSAL FOR A NOV 16 MEETING AND DENOUNCED RECENT COMMUNIST MILITARY ACTIVITIES.

D. CAMBODIAN MINISTER OF SOCIAL ACTION VISITS KHMER REFUGEES IN DELTA

CAMBODIAN MINISTER OF SOCIAL ACTION LOEUNG NAL VISITED LOWER DELTA ON NOV 9 TO VISIT CAMBODIAN REFUGEES WHO HAD FLED FROM CAMBODIA INTO VIET-NAM TO GET AWAY FROM BATTLE AREAS. ON THIS OCCASION HE THANKED THE GVN AUTHORITIES FOR AID GIVEN TO THESE REFUGEES.

E. LE DUAN, LAOS AND INDOCHINESE SOLIDARITY

HANOI HAS GIVEN EXTENSIVE AFTER-THE-FACT COVERAGE TO LE DUAN'S FIVE-DAY EXCURSION TO LAOS, NOVEMBER 2-6. UNDOUBTEDLY THE MOST IMPORTANT SUBJECT DISCUSSED BY DUAN AND HIS LAOTIAN COMRADES WAS NATURE OF THEIR FUTURE RELATIONSHIP AND THAT BETWEEN THE DRV AND RLG ONCE THE PGNU IS FORMED IN LAOS. THE JOINT STATEMENT ISSUED UPON THE CONCLUSION OF DUAN'S VISIT APPEARS TO ATTEMPT TO PROVIDE A JUSTIFICATION FOR CONTINUED VIOLATION OF LAO SOVEREIGNTY BY THE DRV. IT STATES, FOR EXAMPLE, THAT THE PGNU "SHOULD PURSUE THE LINE OF PEACE AND NEUTRALITY OF THE KINGDOM, SUPPORT ALL THE EFFORTS OF THE DRV AND PRGRSV AIMED AT ASSURING THE FULL IMPLEMENTATION OF THE PARIS AGREEMENT ON VIET-NAM AND SHOULD RECOGNIZE THE PRESENT REALITY THAT THERE EXIST IN SOUTH VIET-NAM TWO ADMINISTRATIONS, AS STIPULATED IN THE AGREEMENT." GIVEN HANOI'S ONE-SIDED INTERPRETATION OF THE AGREEMENT, THIS COULD MEAN THAT THE PGNU SHOULD ALLOW CONTINUED USE OF THE TRAIL SYSTEM AS ONE MEANS OF "SUPPORT" FOR HANOI'S EFFORTS TO "FORCE" THE GVN TO ABIDE BY THE AGREEMENT.

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F. HOANG QIOC VIET QUILTS JAPAN

A NORTH VIETNAMESE DELEGATION LED BY HOANG QUOC VIET LEFT JAPAN ON NOVEMBER 10 AFTER AN 11-DAY STAY. VIET APPARENTLY ANNOYED THE GOJ WITH HIS "RUDE" BEHAVIOR THROUGHOUT THE VISIT (SEE TOKYO 14695). IN WHAT MUST BE ONE OF THE MORE MALADROIT PERFORMANCES EVER BY A DRV OFFICIAL, VIET WAS FORCED TO RETREAT FROM WHAT AMOUNTED TO A DEMAND THAT THE JAPANESE RECOGNIZE THE SO-CALLED PRG AS A CONDITION TO THE ESTABLISHMENT OF EMBASSIES IN TOKYO AND HANOI. VIET MADE THE DEMAND DURING A NOVEMBER 7 APPEARANCE BEFORE THE JAPANESE PRESS CLUB. THREE DAYS LATER HE EXPRESSED "SURPRISE" TO A "MAINICHI" INTERVIEWER THAT THE GOJ HAD REACTED TO HIS PRESS CLUB REMARKS SINCE, SAID VIET, HE WAS SPEAKING TO PRESS CLUB MEMBERS, NOT TO THE GOVERNMENT. DISSEMBLING FURTHER, VIET ALLOWED AS HOW THE "PRG" RECOGNITION ISSUE WAS BUT ONE OF THE PROBLEMS BETWEEN THE DRV AND JAPAN AND THAT "IF THE JAPANESE FOREIGN MINISTRY CONTENDS THAT IT IS NECESSARY TO OPEN THE EMBASSIES FIRST IN ORDER TO RESOLVE THESE PROBLEMS, I DO NOT THINK THERE IS ANY SERIOUS DIFFERENCE REGARDING THIS PROBLEM."

G. VIETNAMESE COMMUNISTS ATTEND BRITISH, JAPANESE CP CONGRESSES

TO HUU, REPRESENTING THE VWP, AND VNGUYEN VAN THAN, REPRESENTING THE HANOI PARTY'S SOUTHERN APPARATUS (THE VIET CONG), WERE REPORTED IN ATTENDANCE AT THE BRITISH COMMUNIST PARTY'S 33RD CONGRESS WHICH BEGAN ON NOVEMBER 10. THE FOLLOWING DAY NGUYEN VAN TRAN, MEMBER OF THE VWP CC SECRETARIAT, ARRIVED IN TOKYO TO ATTEND THE 12TH CONGRESS OF THE JCP. NO VIET CONG REPRESENTATIVE ACCOMPANIED TRAN, PRESUMABLY BECAUSE OF THE JAPANESE GOVERNMENT'S REFUSAL IN THE PAST TO ADMIT PERSONS CARRYING "PRG" PASSPORTS OR TO ALLOW SOUTHERN COMMUNISTS TO ENGAGE IN POLITICAL ACTIVITIES
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WHILE IN JAPAN.

H. FRENCH CP DELEGATION IN HANOI

A DELEGATION OF THE FRENCH COMMUNIST PARTY, HEADED BY ITS SECRETARY GENERAL GEORGES MARCHAIS, ARRIVED IN HANOI ON NOVEMBER 10. EIGHT OF THE TEN VWP POLITBURO MEMBERS BELIEVED TO BE IN HANOI TURNED UP AT A BANQUET THAT EVENING TO HONOR THE VISITORS. AGAIN CONSPICUOUS BY HIS ABSENCE WAS VO NGUYEN GIAP, WHO HAS NOW BEEN OUT OF PUBLIC VIEW FOR OVER SIX WEEKS.

I. IENG SARY STOPS IN HANOI ENROUTE TO CAMBODIA

VNA REPORTED ON NOVEMBER 10 THAT IENG SARY, FORMERLY THE KHMER COMMUNISTS' MAN IN PEKING, HAS ARRIVED IN HANOI THE DAY BEFORE "ON HIS WAY HOME." SARY WAS FETED AT A BANQUET HOSTED BY FOREIGN MINISTER TRINH THE EVENING OF HIS ARRIVAL. ON NOVEMBER 12, ACCORDING TO VNA, HE WAS RECEIVED BY PREMIER PHAM VAN DONG. THE SUBSTANCE OF HIS TALKS WITH DRV LEADERS WERE NOT DISCUSSED IN THE MEDIA AND OVERALL, HANOI PROPAGANDA DEALING WITH SARY'S STOP-OVER WAS QUITE MUTED. ALSO SIGNIFICANT, PERHAPS, IS HANOI'S FAILURE TO DEAL AUTHORITATIVELY WITH THE SUPPOSED TRANSFER OF ALL GRUNK FUNCTIONS TO "MINISTERS" INSIDE CAMBODIA ANNOUNCED BY SIHANOUK LAST WEEKEND. SARY LEFT HANOI ON NOVEMBER 14.

JGM HIEU MEETS WITH FRENCH FOREIGN MINISTER

VNA REPORTED IN A NOVEMBER 14 SERVICE CHANNEL MESSAGE THAT NGUYEN VAN HIEU, HEAD OF THE VIET CONG DELEGATION AT THE LA CELLE ST. CLOUD TALKS, MET WITH FRENCH FOREIGN MINISTER JOBERT ON NOVEMBER 13. THE VNA REPORT FOCUSED ON HIEU'S EXPOSITION OF ALLEGED GVN CEASEFIRE VIOLATIONS AND DID NOT MENTION ANY REPRESENTATIONS BY HIEU REGARDING THE STATUS OF FRENCH RELATIONS WITH THE VIET CONG'SV "PRG".

C. NORWAY, BULGARIA AID VIET CONG

ON NOVEMBER 13 LIBERATION PRESS AGENCY (LPA) REPORTED THAT NLF CHIEF NGUYEN HUU THO AND "PRG" PRESIDENT HUYNH TAN PHAT HAD, ON NOVEMBER 7, SENT A MESSAGE OF THANKS TO NORWEGIAN PREMIER BRATTELI FOR THE "GIFT OF 10 MILLION KRONES" BY THE GON TO THE VIET CONFIDENTIAL

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CONG. LPA SAID THE MONIES WOULD BE USED TO HEAL THE WOUNDS OF WAR AND TO REBUILD COMMUNIST-CONTROLLED AREAS. ON NOVEMBER 12 LPA REPORTED THAT AN AGREEMENT HAD BEEN REACHED FOUR DAYS EARLIER WITH BULGARIA UNDER WHICH THE BULGARIANS WOULD PROVIDE TO THE VIET CONG ASSORTED ITEMS ON A GRANT BASIS. INCLUDED IN THE LIST OF COMMODITIES WAS TELEPHONE EQUIPMENT, MEDICINE, FOODSTUFFS AND CLOTHING.

END CONFIDENTIAL

BEGIN UNCLASSIFIED

III. ECONOMIC

A. GENERAL

AS RETAIL PRICES ADVANCED SHARPLY DURING THE WEEK, THE GOVERNMENT ANNOUNCED ANOTHER ADJUSTMENT IN THE PIASTER/DOLLAR EXCHANGE RATE. ON NOVEMBER 13, THE OFFICIAL RATE ROSE FROM 525 TO 535, AND THE CIP RATE FROM 425 TO 440, WHILE THE EXPORT RATE REMAINED AT 575. SINCE THE BEGINNING OF THE YEAR, THE SERIES OF MINI-DEVALUATIONS

HAS RESULTED IN A 15 PERCENT DEPRECIATION OF THE PIASTER AGAINST THE DOLLAR. MEANWHILE, THE LOCAL PRESS CONTINUES TO GIVE HEAVY COVERAGE TO THE GATHERING WORLDWIDE ENERGY CRISIS, PARTICULARLY THE AUSTERITY MEASURES BEING IMPOSED IN THE US AND OTHER INDUSTRIAL NATIONS. SAIGON IS BUZZING WITH RUMORS THAT THE GOVERNMENT IS ABOUT TO IMPOSE ITS OWN SEVERE RESTRICTIONS ON FUEL CONSUMPTION, INCLUDING RATIONING, AS REPORTED HERE LAST WEEK. THE WEEK DID REVEAL THAT TWO ENCOURAGING TRENDS IN GVN EXPORTS AND DOMESTIC REVENUES WERE SUSTAINED DURING OCTOBER. EXPORTS WERE US\$7.3 MILLION FOR THE MONTH, BRINGINGV THE 10 MONTH TOTAL TO \$49.1 MILLION. BY THE END OF THE YEAR, RECEIPTS COULD TOP US\$60 MILLION, OR ALMOST TRIPLE THE 1972 LEVEL. AS FOR DOMESTIC REVENUES, DIRECTOR GENERAL OF TAXATIONV COLLECTIONS FOR OCTOBER TOTALED VN\$17.5 BILLION, JUST SHORT OF THE VN\$18 BILLION RECORD HIGH SET IN SEPTEMBER. DOMEST A COLLECTIONS FOVR THE YEAR SO FAR AMOUNT TO VN\$134.8 BILLION, OR 140 PERCENT AHEAD OF THE SAME PERIOD LAST YEAR.

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CINCPAC
CINCPACAF
CO 7TH PSYOPS GP
CINCPACFLT
CINCUSARPAC
USLO PEKING
DEPCHIEF JUSMAAG

C O N F I D E N T I A L SECTION 4 OF 4 SAIGON 19525

B. RETQIL PRICE INDEX BOUNDS AHEAD AGAIN

USAID'S RETAIL PRICE INDEX FOR ALL ITEMS ROSE 1.3 PERCENT DURING THE WEEK ENDING NOVEMBER 12. IT WAS THE LARGEST WEEKLY ADVANCE SINCE THE WEEK ENDED OCTOBER 5, WHICH IN TURN HAD BEGUN A MONTH OF NEARLY STABLE PRICES. THE UPTURN WHICH OCCURRED PRINCIPALLY IN THE FOOD CATEGORY WAS PACED BY RISES IN RICE, VEGETABLE AND SALT WATER FISH PRICES. ALL THREE ARE AFFECTED BY SEASONAL TIGHT SUPPLY, AND A SEVERE COASTAL STORM MADE FISH EVEN MORE SCARCE THAN NORMAL. THE WEEKLY INDEX HAS NOW RISEN 58 PERCENT SINCE YEAR'S OUTSET.

C. BLACK MARKET CURRENCY RATES

A DAY BEFORE THE LATEST PIASTER DEVALUATION THE BLACK MARKET RATE FOR US\$100 BILL WAS 610, UP SHARPLY FROM 595 THE PREVIOUS WEEK. SIMILARLY TGQ QUOTE FOR US\$10 ROSE FROM 590 TO #04. THU THE SIZABLE BLACK MARKET PREMIUM FOR THE DOLLAR, WHICH BEGAN TO APPEAR IN SEPTEMBER, CONTINUES TO WIDEN. GOLD PRICES WERE UNCHANGED FOR THE THIRD SUCCESSIVE WEEK AT VN\$73,500 PER TAE.

D. AID MISSION TO PARIS

A GVN DELEGATION LEFT FOR PARIS NOVEMBER 13 TO DISCUSS THE TERMS AND CONDITIONS OF A PROPOSED FRENCH 100 MILLION FRANVC CREDIT. HEADING THE MISSION IS PRESIDENTIAL ASSISTANT NGUYEN TIEN HUNG. THEIR TRIP, WHICH HAD BEEN POSTPONED SEVERAL TIMES, FINALLY GOT UNDERWAY AFTER THE FRENCH INSISTED THAT THE AGREEMENT BE COMPLETED BEFORE THE END OF THE YEAR. THE FRENCH ARE REPORTEDLY

RECOMMENDING THAT THE CREDIT BE DIVIDED QUALLY BETWEEN BALANCE
OF PAYMENTS SUPPORT AND PROJECT ASSISTANCE. IN ADDITION,
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PARIS IS PLANNING TO EXTEND A 10 MILLION FRANC GRANT FOR HUMANIT-
ARIAN AID.

E. SUB-MIVNISTERIAL POSTS FILLVED

AFTER COMPLETING THE SHUFFLE OF ECONOMIC-RVELATED CABINET POSITIONS,
THE GOVERNMENT IS MOVING TO FILL SOME OF THE KEY SUB-MINISTERIAL
JOBS. AT FINANCE, MINISTER CHAU KIM NHAN ANNOUNCED THE APPOINTMENT
OF DR. CAO VAN HOXSN LOIS ASSISTANT MINISTER; DR. 199, A FORMER
USAID PARTICIPANT WITH A PH.D IN ECONOMICS FROM GEORGETOWN UNIVERSITY,

WILL REPORTEDLY CONTINUE TEACHING AT THE NATIONAL SCHOOL OF AD-;
MINISTRATION WHILE IN HIS NEW POSITION. MINISTER NHAN ALSO NAMED
NGUYEN HUY HAN, A CAREER BUREAUCRAT, AS DIRECTOR GENVERAL
OF TAXATION. HAN REPLACES DR. NGUYEN HAI BINH, WHO ESTABLISHED A
REPUTATION AS A HIGHLY AGGRESSIVE TAX COLLECTOR. THE COM-
MISSIONER-GENERAL (FORMERLY MINISTRY) OF PLANNING, ANOTHER
NSA PROFESSOR, NGUYEN NHU CUONG, WAS OFFICIALLY INSTALLED AS
COMMISSIONER GENERAL PHAM KIM NGOC'S ASSISTANT, WITH THE RANK
OF VICE-MINISTER. CUONG WAS A LEADING VIETNAMESE COLLABORATOR
ON THE PREPARATION OF THE LILIENTHAL REPORT ON POST-WAR DEVEL-
OPMENT. DOAN MINH QUAN, AN AGRICULTURE ENGINEER, RETURNS TO THE
MINISTRY OF AGRICULTURE IS DIRECTOR GENERAL, REPLACING DR.
TRAN QUANG MINH, WHO MOVED UP TO VICE-MINISTER. QUAN SERVED
UNDER NEW MINISTER TRINH DURING THE LATTER'S FIRST TOUR AT THE
HEAD OF MOA IN THE LATE 60'S, AND WAS INSTRUMENTAL IN INTRODUCING
MIRACLE RICE TO VIETNAM. FINALLY,
BUI NHU TVIEP, DIRECTOR GENERAL
IN THE FORMER MINISTRY OF PUBLIC WORKS, WILL RETAIN THE SAME
POSITION IN THE NEWLY CONSOLIDATED MINISTRY OF PUBLIC WORKS AND
TRANSPORTATIONS.
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To: STATE INFO BANGKOK
BUDAPEST
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